



Secretary of the Air Force
Office of Legislative Liaison

C O N G R E S S I O N A L
H E A R I N G R E S U M E

106th Congress * Second Session*

Date: 9 Mar 00

SUBJECT: FY01 Military Construction and Family Housing Budget

COMMITTEE: HASC Subcommittee on Military Installations and Facilities

CHAIRMAN: Joel Hefley (CO)

MEMBERS (PRESENT INDICATED WITH *)

Republicans

Tillie Fowler (FL)*
John McHugh (NY)
Edward McKeon (CA)
John Hostettler (IN)
Van Hilleary (TN)
Joe Scarborough (FL)
Jim Saxton (NJ)
Bob Stump (AZ)
Steve Buyer (IN)*

Democrats

Gene Taylor (MS)* Ranking
Solomon Ortiz (TX)
Neil Abercrombie (HI)*
Robert Underwood (GU)*
Silvestre Reyes (TX)*
Vic Snyder (AR)*
Robert Brady (PA)
Mike Thompson (CA)

WITNESSES:

The Honorable Ruby B. DeMesme, Assistant Secretary of the Air Force, Manpower, Reserve Affairs, Installations, and Environment

Major General Earnest O. Robbins, The Civil Engineer, Headquarters, USAF

Brigadier General Craig R. McKinley, Jr., Deputy Director, ANG

Brigadier General Robert Duignan, Deputy to the Chief, AFR

Information contained in this resume was obtained during an open hearing. It will not be released outside of the Department of Defense (DOD) agencies until published hearing transcripts have been released by the Committee, and only to the extent it is in accord with published hearing procedures.

Prepared by: Major Lucian Niemeyer Date: 9 Mar 00 Ext: 697-7950

EXECUTIVE SUMMARY: General tone was cordial with some sporty moments discussing the need for additional BRAC rounds. Numerous subjects ranging from impact of MILCON underfunding on retention and QOL, Housing masterplan funding shortfalls, FOLs, housing privatization, and utility privatization. The committee understands the need to reduce infrastructure, but is concerned with the tracking/use of savings derived from BRAC, the desire to exclude key installations, and the decision-making process used for BRAC. The Chairman expressed frustration with the continued promise of outyear funding increases for infrastructure with no tangible results in budget years. Housing privatization discussion ranged from observations that the AF is moving too slow to a request to consider alternative lease agreements similar to overseas initiatives. Chairman also focused on the level of support from host nation countries for overseas infrastructure requirements. Many specific Member requests follow below:

Panel I began at 1315 hrs

Chairman's Opening Remarks: Committee members are extremely concerned that military construction, housing, and real property accounts continue to receive too little attention in the overall competition for resources. The underfunding of these core infrastructure accounts being used to pay bills elsewhere will continue to accelerate the long-term degradation of QOL, training and readiness.

CM Taylor: Having visited FOLs, he understands the requirement, but is concerned that the price tag for infrastructure upgrades continues to grow.

Gen Robbins: We have \$61M worth of requirements to execute in FY01. We plan to upgrade the entire runway over a six-month period

Why the AF needs to operate out of two separate locations (Aruba and Caracas) only twenty minutes apart?"

Gen Robbins: Beyond my area of expertise. Taken for the record (TFR)

Why are we spending \$61M at Manta, can we use the better airfield at Quito?"

Gen Robbins: Beyond my area of expertise, TFR

CM Snyder: Why was the specific line item for RPM for Mobility operations reduced in the FY01 budget? "

Gen Robbins: We've funded all our RPM accounts at 1% of our PRV, not aware of any subaccounts funded differently, but well TFR

CM Reyes: Understands that the AF Family Housing Masterplan is currently projected to be underfunded by \$3.6B over the next ten years, a full 36% less than the stated requirements. Why?"

Ms DeMesme: We're trying to balance our budget among competing priorities., especially among other people programs.

Isn't this contributing to retention problems?

Ms DeMesme: Housing is just one of many areas we're trying to address in order to improve retention rates. Your help in the extension of housing privatization authorities will assist us as we grapple with these issues

Gen Robbins: Dormitories a better story as we continue to robustly fund a program to upgrade our worst dormitories, especially in overseas locations like Korea.

CM Underwood: Concerned that land at Anderson AFB given up in last BRAC round is being held by AF?

Ms DeMesme: TRF

Status of utilities privatization and why is AF holding onto its water supply infrastructure?"

Gen Robbins: Regarding utilities privatization, we do hold onto certain systems based on mission needs, but our records show that all utility systems at Anderson are rate a "go"

CM Hefley: Recently visited Aviano AB and impressed with leased housing, Why can't this be done at other locations?

Ms DeMesme: OMB scoring requirements in CONUS restrict certain initiatives.

CM Abercrombie: Wants a more vigorous approach to housing privatization. Cites many opportunities in Hawaii. Is the AF thwarted by higher authorities in the Pentagon from pursuing initiatives more vigorously?"

Ms DeMesme: We balance future privatization initiatives in our housing masterplan with other methods of execution

Gen Robbins: In our masterplan, we have programmed a housing privatization initiative for Hickam AFB in FY02

Does the AF need directive legislation from the Committee to encourage developers to build new homes?

Ms DeMesme: No, Our current initiatives such as the BAH buydown should encourage great participation

CM Hefley: Please explain the repercussions of the decision to eliminate contingency funds in MILCON projects?

Gen Robbins: We have seen trends where about 95% of our projects experience some form of cost growth, mostly from unforeseen site conditions, acts of God, and mission changes. Industry normally programs about 10-15% for construction contingencies. We'll see the true impact of this cut during execution as we pull funds from other projects to keep current ones coming. Eventually, we have to make a choice about possibly deferring projects.

CM Hefley: I recently met with the Lord Mayor of Kaiserslautern, Germany and was concerned with the AF environmental stewardship at Ramstein AB concerning possible contamination of the local water supply. Will the AF get with the Army and assure me that we are doing what we need to do to be good neighbors?

Gen Robbins: Ramstein water supply has been tested and found to contain levels of TCE's within acceptable limits. Other military areas in the KMC zones have higher traces and have started using bottled water. We will investigate with the Army and provide you with the results.

CM Hefley: Please comment on what the AF is doing to satisfy its overseas infrastructure requirements in terms of host nation support

Gen Robbins: We rely on many sources to satisfy requirements. NATO pumped in over \$180M in FY99 for AF facilities alone. The build-up of Aviano AB was primarily funded by NATO. We're also getting help from ROK for dormitories in Korea. Yet, we still understand that our housing in Europe is the worst in the AF and consider a top priority to support revitalization efforts with MILCON funds.

Will the BAH buydown impact housing privatization initiatives?"

Ms DeMesme: Positive impact for developers as they have a consistent income stream. No significant impact of on-base efforts as BAH will primarily affect off-base residents

CM Hefley: Reference BRAC, are you willing to take bases off the table?

Ms DeMesme: Well abide by congressional direction

Are you willing to consider alternatives

Ms DeMesme: Yes, we need to reduce excess infrastructure and realize savings. DoD saved \$6.0B from previous rounds

CM Abercrombie: Consider the situation of Anderson AFB- a great resource in the Pacific theater! Sitting there under-used. We should be pouring resources into Guam!

Ms DeMesme: We've made significant improvements at Anderson, including a new school and will continue to invest

CM Stump: \$6.0B in savings from BRAC?

CM Taylor: I take offense to this misleading statement, we've invested over \$13B in the environmental clean-up of these sites"

Ms DeMesme: This is true, but this is not a BRAC cost. Those funds would have been expended at some future date to remediate those sites.

CM Taylor: Still, how can you advocate for more BRAC, when you're giving away all the money? Why can't it be retained in OSD"

Ms DeMesme: A possibility to discuss

The hearing ended at 1420 hrs.